

FISCAL NOTE

HB 2480 - SB 2560

February 8, 2008

SUMMARY OF BILL: Creates the Tennessee HOPE professional loan-scholarship program for eligible students seeking to become teachers or nurses. Requires the Tennessee Student Assistance Corporation (TSAC) to promulgate rules and regulations.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$7,840,300 in FY08-09 and by \$14,570,300 in FY09-10. Some portion of these expenditures may be recovered in the future for students not meeting the debt forgiveness provisions of this bill after graduation. However, any such recovery is estimated to occur in fiscal years subsequent to FY09-10.

Assumptions:

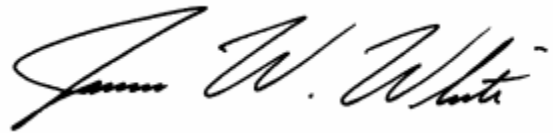
- Student eligibility requirements include: (1) being 25 years of age or older, (2) having not previously been a recipient of a HOPE scholarship, (3) having earned an associate, baccalaureate or higher degree, (4) not being currently licensed in Tennessee as a nurse or teacher, (5) enroll in a program that will permit licensure in Tennessee for teaching or nursing, (6) meet other specific eligibility requirements as it relates to HOPE scholarship requirements, and (7) applying for the loan-scholarship.
- All loan-scholarships are to be evidenced by notes payable to TSAC.
- Students will be eligible for partial or complete debt forgiveness if they are licensed and then work in Tennessee for specified periods of time.
- The amount of the loan-scholarship proposed is equal to one-half of a Tennessee HOPE scholarship (\$2,000) when the student is enrolled full-time in their educational program.
- TSAC estimates 3,891 new students in the first year (FY08-09).
- One additional position for TSAC to administer the professional loan-scholarship program estimated to increase recurring state expenditures by \$58,300 per year.

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- The increase of expenditures from lottery proceeds is estimated to be \$7,840,300 [(3,891 students x \$2,000 award) + \$58,300 = \$7,840,300) in FY08-09.
- 1.5% growth in new students in year two (FY09-10)
- 85% retention rate for first-year students.
- The increase of expenditure from lottery proceeds is estimated to be \$14,570,300 [(3,949 new students x \$2,000) + (3,307 second-year retention students x \$2,000) + \$58,300 = \$14,570,300) in FY09-10.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc